

**Letter of Findings: 01-20182320
Individual Income Tax
For the Tax Year 2017**

NOTICE: IC § 6-8.1-3-3.5 and IC § 4-22-7-7 require the publication of this document in the Indiana Register. This document provides the general public with information about the Department's official position concerning a specific set of facts and issues. This document is effective as of its date of publication and remains in effect until the date it is superseded or deleted by the publication of another document in the Indiana Register. The "Holding" section of this document is provided for the convenience of the reader and is not part of the analysis contained in this Letter of Findings.

HOLDING

Individual failed to provide documentation supporting her position that the Department's proposed assessment of additional Indiana individual income tax was incorrect for the year at issue.

ISSUE

I. Income Tax-Burden of Proof Assessment Incorrect.

Authority: IC § 6-8.1-5-1; IC § 6-3-2-1; IC § 6-3-1-3.5; *Lafayette Square Amoco, Inc. v. Indiana Dep't of State Revenue*, 867 N.E.2d 289 (Ind. Tax Ct. 2007); *Indiana Dep't of State Revenue v. Rent-A-Center East, Inc.*, 963 N.E.2d 463 (Ind. 2012); *Scopelite v. Indiana Dep't of Local Gov't Fin.*, 939 N.E.2d 1138 (Ind. Tax Ct. 2010); *Wendt LLP v. Indiana Dep't of State Revenue*, 977 N.E.2d 480 (Ind. Tax Ct. 2012).

Taxpayer protests the imposition of Indiana individual income tax for tax year 2017.

STATEMENT OF FACTS

Taxpayer filed her original Indiana individual income tax return on February 18, 2018. On her original return, she reported approximately \$69,214 in deductions which was comprised of deductions for taxable social security benefits, military service, and human services. Per her original return, Taxpayer was owed a \$600 refund.

On or around April 8, 2018, Taxpayer filed an amended Indiana individual income tax return which omitted the human services deduction but included a renter's deduction of \$3,000. All in all, Taxpayer reported a total of \$13,968 in deductions on her amended return. The result of the amended return was an additional tax due of \$247, which Taxpayer paid on April 8, 2018.

On October 19, 2018, the Indiana Department of Revenue ("Department") sent Taxpayer a notice of proposed assessment in relation to tax year 2017. On the back of that notice, the Department listed a line by line comparison of Taxpayer's original reported amounts versus the adjusted amounts. On Taxpayer's original return, Taxpayer's reported deductions were greater than Taxpayer's Indiana income thus Taxpayer had a zero Indiana tax liability and was entitled to a \$600 refund. On Taxpayer's amended return, her reported deductions of \$13,968 were decreased to \$10,968. This amount was less than her Indiana adjusted gross income which resulted in taxable income and a total tax liability of \$1,004. Taxpayer was entitled to a credit of \$600 plus the \$247 which Taxpayer paid with her amended returns. The result was a base tax assessment of \$157 plus penalty and interest.

On November 14, 2018 Taxpayer filed a protest of the assessment. Included in the protest was the Protest Submission Form. On that form, Taxpayer chose to waive her right to a hearing. Thus, this Letter of Findings is based on the information available to the Department and provided in Taxpayer's protest file. Additional facts will be provided as necessary.

I. Income Tax-Burden of Proof Assessment Incorrect.

DISCUSSION

The Department adjusted Taxpayer's reported Indiana deductions for tax year 2017. As a result of this adjustment, Taxpayer received an assessment for tax due plus penalty and interest. Taxpayer protested the

assessment, but waived her right to a hearing.

As a threshold issue, all tax assessments are *prima facie* evidence that the Department's claim for unpaid tax is valid; the taxpayer bears the burden of proving that any assessment is incorrect. IC § 6-8.1-5-1(c); *Indiana Dep't. of State Revenue v. Rent-A-Center East, Inc.*, 963 N.E.2d 463, 466 (Ind. 2011); *Lafayette Square Amoco, Inc. v. Indiana Dept. of State Revenue*, 867 N.E.2d 289, 292 (Ind. Tax Ct. 2007). Consequently, the taxpayer is required to provide documentation explaining and supporting its challenge that the Department's position is wrong. Poorly developed and non-cogent arguments are subject to waiver. *Scopelite v. Indiana Dep't of Local Gov't Fin.*, 939 N.E.2d 1138, 1145 (Ind. Tax Ct. 2010); *Wendt LLP v. Indiana Dep't of State Revenue*, 977 N.E.2d 480, 486 n.9 (Ind. Tax Ct. 2011).

Indiana imposes an adjusted gross income tax on all residents. IC § 6-3-2-1(a). A taxpayer's Indiana income is determined by starting with the federal adjusted gross income and making certain adjustments. IC § 6-3-1-3.5(a). IC § 6-3-2 *et. seq.* outlines deductions which a taxpayer may make to his federal adjusted gross income to arrive at his Indiana adjusted gross income.

In her protest letter, Taxpayer claims that the "Proposed Assessment does not recognize the [r]enters [d]eduction" which she claimed on her amended 2017 Indiana individual income tax return. Taxpayer believes she is entitled to this deduction as "[she] lives in an assisted living facility paying [] per month." Taxpayer did not provide any documentation or schedules to support her claims.

As stated above, it is the Taxpayer's burden to prove that the Department's assessment is incorrect. In doing so, Taxpayer is required to provide documentation to support her position. Without such documentation, the Department cannot begin to determine whether or not Taxpayer's deductions, as reported, were correct. Thus, Taxpayer has failed to meet her burden under IC § 6-8.1-5-1(c). Taxpayer's protest is denied.

FINDING

Taxpayer's protest is denied.

November 28, 2018

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